



Market Perspectives

www.grains.org

December 8, 2022

CONTENTS

Chicago Board of Trade Market News	2
CBOT March Corn Futures	4
U.S. Weather/Crop Progress	6
U.S. Export Statistics	7
FOB	9
Distiller’s Dried Grains with Solubles (DDGS).....	11
Country News	12
Ocean Freight Markets and Spreads	13
Ocean Freight Comments	14

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Cary Sifferath at (202) 789-0789.

The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C. and has ten international offices that oversee programs in more than 50 countries. Financial support from our private industry members, including state checkoffs, agribusinesses, state entities and others, triggers federal matching funds from the USDA resulting in a combined program value of more than \$26 million.

Chicago Board of Trade Market News

Week in Review: CME Corn March Contract					
Cents/Bu	Friday December 2	Monday December 5	Tuesday December 6	Wednesday December 7	Thursday December 8
Change	-14.25	-5.75	-3.25	4.00	1.25
Closing Price	646.25	640.50	637.25	641.25	642.50
Factors Affecting the Market	March corn posted a three-month low as fund selling and spillover weakness from wheat futures pressured the market. Export sales have been slower than expected, leading to the recent selling. The EPA's new biofuel mandates are bullish corn but were largely ignored on Friday.	Corn moved lower again on technical and fund selling. Last week's lower ethanol values helped push corn lower too. Argentina's early corn crop is still battling drought, but Brazil's outlook remains favorable. USDA reported 20.6 Mbu of corn inspected for export last week, nearly double the prior week's volume.	Corn pushed lower again on bear corn/soy spreading and spillover weakness from wheat. Fresh news was light, but pre-WASDE estimates call for a 50-Mbu increase in US 2022/23 carry-out. Some analysts are looking for cuts to the US export program, given the current pace of shipments.	March corn bounced higher as short covering and some profit taking developed 2 days ahead of the Dec. WASDE. Ethanol output rose last week, a surprise given rumors of weak demand from the sector. Ethanol stocks are large, despite strong exports. Worries for Argentina's crop are growing as the country heads into a hot, dry weekend.	Corn bounced higher in the final day before the Dec. WASDE on short covering and profit taking. Brazil's supply company cut its forecast of the Brazilian crop by 0.6 MMT and Argentina's crop remains threatened by drought. US corn export sales totaled 27.2 Mbu last week with 35.4 Mbu of shipments.

Outlook: March corn futures are down just 3 ¾ cents (0.6 percent) from last Friday's close as the market stabilized after early-week fund selling. Corn futures pushed lower initially on a combination of technical liquidation and spillover selling from a weak wheat market, but bounced higher heading into the December WASDE. Broadly, analysts are looking for modest increases in U.S. 2022/23 ending stocks in Friday's report, but there was a growing sense this week that the selloff was overdone. That prompted short-covering and some fresh long interest, especially with Midwest basis levels remaining firm. Basis bids are averaging 14 cents over March futures (14H) this week, steady with last week but well above the -10H recorded this time last year.

The December WASDE does not usually feature large changes to the U.S. balance sheet, but pre-report surveys indicate this year's report may deviate from that pattern. The average of pre-report estimates suggests USDA will increase the U.S. 2022/23 carry-out estimate by 1.49 MMT to 31.52 MMT. One of the big questions the market is looking for will be USDA's assessment of the Argentine corn crop, which is suffering from a drought. The agency is likely to pare down its forecast of that country's production potential, which would pare down the world ending stocks estimate. Pre-report guesses indicate most analysts are looking for a 3-10-MMT reduction in world 2022/23 ending stocks, and the average forecast calls for carry-out of 300.9 MMT. That would be down 7 MMT from the November WASDE.

The Export Sales report featured 691.6 KMT of net corn sales last week and 900.1 KMT of exports. The export figure was up 161 percent from the prior week and YTD exports total 6.673 MMT, down 37 percent.

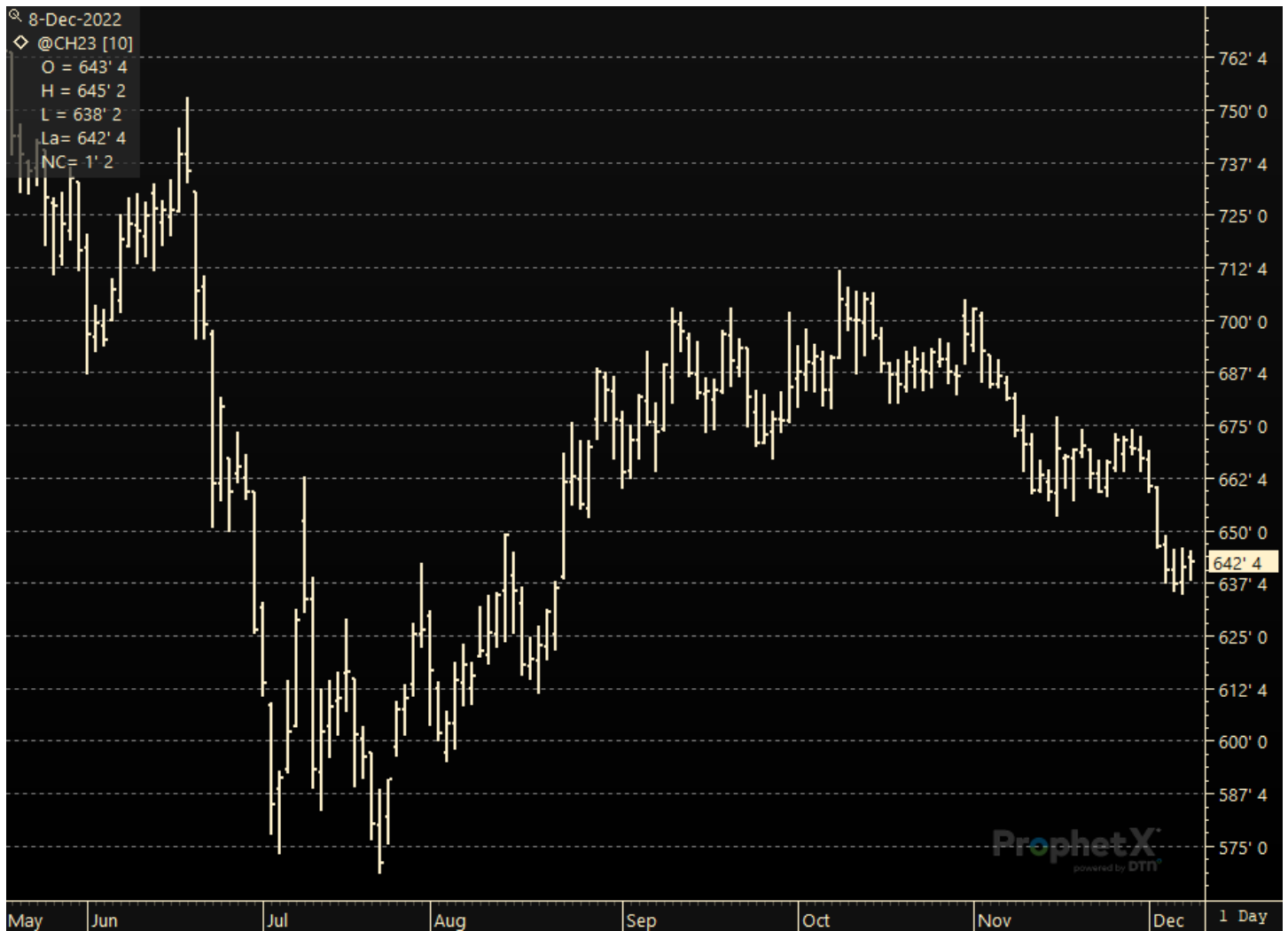
Technically, March corn futures are stabilizing after their recent weakness and seem to have found support at \$6.35. Seasonally, corn futures tend to strengthen heading into the New Year with the prospect of larger exports in the spring. The December WASDE will certainly have a lot to say about the corn market's direction heading into 2023 but futures look fairly valued relative to pre-report expectations. While recent futures price action has seen some selling pressure, cash prices and basis remain strong overall, especially along the river system and in the eastern Corn Belt.

Interest Rates and Macroeconomic Markets, December 8, 2022						
	Last*	Weekly Change	Weekly % Change	Monthly Change	Monthly % Change	1-Year History
Interest Rates						
U.S. Prime	7.00	0.0	0.0%	0.0	0.0%	
LIBOR (6 Month)	5.17	0.0	-0.6%	0.0	0.3%	
LIBOR (1 Year)	5.52	0.0	-0.8%	-0.1	-1.9%	
S&P 500	3,963.5	-113.1	-2.8%	7.1	0.2%	
Dow Jones Industrials	33,781.5	-613.5	-1.8%	66.1	0.2%	
U.S. Dollar	104.8	0.1	0.1%	-3.4	-3.1%	
WTI Crude	71.8	-9.4	-11.6%	-14.7	-17.0%	
Brent Crude	76.4	-10.5	-12.1%	-17.3	-18.4%	

Source: DTN ProphetX, World Perspectives, Inc.

* Last price as of 4:38 PM ET

CBOT March Corn Futures



Source: DTN ProphetX

Current Market Values:

Futures Price Performance: Week Ending December 8, 2022			
Commodity	8-Dec	2-Dec	Net Change
Corn			
Dec 22	632.00	635.00	-3.00
Mar 23	642.50	646.25	-3.75
May 23	644.25	647.25	-3.00
Jul 23	640.75	644.25	-3.50
Soybeans			
Jan 23	1486.25	1438.50	47.75
Mar 23	1490.25	1446.50	43.75
May 23	1495.75	1454.00	41.75
Jul 23	1498.75	1458.50	40.25
Soymeal			
Dec 22	469.30	424.50	44.80
Jan 23	466.40	424.10	42.30
Mar 23	462.40	422.80	39.60
May 23	457.60	420.80	36.80
Soyoil			
Dec 22	63.50	67.59	-4.09
Jan 23	61.31	65.22	-3.91
Mar 23	60.48	64.44	-3.96
May 23	60.03	63.81	-3.78
SRW			
Dec 22	724.25	737.25	-13.00
Mar 23	746.25	761.00	-14.75
May 23	756.25	773.25	-17.00
Jul 23	760.00	779.75	-19.75
HRW			
Dec 22	860.50	882.00	-21.50
Mar 23	844.75	870.75	-26.00
May 23	839.75	865.25	-25.50
Jul 23	834.50	859.00	-24.50
MGEX (HRS)			
Dec 22	927.75	939.75	-12.00
Mar 23	909.50	921.25	-11.75
May 23	907.75	918.75	-11.00
Jul 23	907.00	917.25	-10.25

*Price unit: Cents and quarter-cents/bu. (5,000 bu.)

U.S. Weather/Crop Progress

U.S. Drought Monitor Weather Forecast: The NWS WPC 7-Day Quantitative Precipitation Forecast (QPF) calls for moderate-to-heavy precipitation accumulations (including heavy snowfall accumulations) ranging from 2 to 4+ inches (liquid) across much of the Cascades of Oregon and Washington, Klamath Mountains, Coast Ranges of Northern California, and the Sierra Nevada Range—similar to last week’s QPF for the West Coast region. In the Intermountain West, 1-to-2-inch (liquid) accumulations are expected in the Rocky Mountains of Colorado, while lesser accumulations are expected in the Wasatch Range of Utah and the ranges of central and northern Idaho. Elsewhere in the conterminous U.S., another round of heavy precipitation accumulations is expected in Arkansas, southern Missouri, northern Mississippi, and eastern portions of Kentucky and Tennessee (3-to-5+ inches liquid). In areas of the Midwest and Northeast, accumulations are expected to be generally <1-inch.

The CPC 6-10-day Outlooks call for a moderate-to-high probability of above-normal temperatures for the eastern half of the conterminous U.S. with near-normal temperatures across much of the Plains states, while the Western U.S. is forecasted to be below normal. In terms of precipitation, above-normal precipitation is expected across most of the conterminous U.S. except for western Texas and areas of New Mexico.

Follow this link to view current U.S. and international weather patterns and future outlook: [Weather and Crop Bulletin](#).

U.S. Export Statistics

U.S. Export Sales and Exports: Week Ending December 1, 2022					
Commodity	Gross Sales (MT)	Exports (MT)	YTD Exports (000 MT)	YTD Bookings (000 MT)	% Change YTD Bookings
Wheat	203,200	257,400	9,752.2	13,641.4	-6%
Corn	726,900	900,100	6,673.4	19,044.0	-48%
Sorghum	3,500	72,000	174.1	360.5	-92%
Barley	0	500	5.5	11.6	-62%

Source: USDA, World Perspectives, Inc.

Corn: Net sales of 691,600 MT for 2022/2023 primarily for Mexico (333,100 MT, including decreases of 32,400 MT), China (204,900 MT, including 189,200 MT switched from unknown destinations), Costa Rica (122,300 MT), Guatemala (32,100 MT), and Honduras (28,800 MT), were offset by reductions for unknown destinations (108,700 MT). Exports of 900,100 MT were primarily to China (474,900 MT), Mexico (344,200 MT), Japan (39,300 MT), Canada (24,400 MT), and Taiwan (6,300 MT).

Barley: No net sales were reported for the week. Exports of 500 MT were to Japan.

Sorghum: Net sales of 3,500 MT for 2022/2023 primarily for China (71,400 MT, including 68,000 MT switched from unknown destinations), were offset by reductions for unknown destinations (68,000 MT). Exports of 72,000 MT were to China (71,400 MT) and Mexico (600 MT).

U.S. Export Inspections: Week Ending December 1, 2022					
Commodity (MT)	Export Inspections		Current Market YTD	Previous YTD	YTD as Percent of Previous
	Current Week	Previous Week			
Barley	0	0	1,708	10,010	-83%
Corn	524,313	311,658	6,341,436	9,420,481	-33%
Sorghum	75,093	3,068	352,853	1,113,964	-68%
Soybeans	1,721,828	2,226,948	21,175,728	23,769,496	-11%
Wheat	334,653	284,476	10,910,113	11,152,848	-2%

Source: USDA/AMS. *Marketing Year is June 1-May 31 for wheat and barley and Sept. 1-Aug. 31 for corn, sorghum and soybeans. Week-to-week reports will vary due to exporter reported conditions & cancellations to previous week's reports.

USDA Grain Inspections for Export Report: Week Ending December 1, 2022

Region	YC	% of Total	WC	% of Total	Sorghum	% of Total
Lakes	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%
Gulf	240,580	46%	0	0%	71,403	95%
PNW	68,249	13%	122	8%	0	0%
Interior Export Rail	213,865	41%	1,497	92%	3,690	5%
Total (Metric Tons)	522,694	100%	1,619	100%	75,093	100%
White Corn Shipments by Country (MT)			1,497 122	to Mexico to S. Korea		
Total White Corn			1,619			
Sorghum Shipments by Country (MT)					71,403 3,690	to China to Mexico
Total Sorghum					75,093	

Source: USDA, World Perspectives, Inc.

Yellow Corn (USD/MT FOB Vessel*)				
YC FOB Vessel Max. 15.0% Moisture	GULF		PNW	
	Basis	Flat Price	Basis	Flat Price
	(#2 YC)	(#2 YC)	(#2 YC)	(#2 YC)
January	1.35+H	\$306.25	1.86+H	\$326.23
February	1.29+H	\$303.62	1.83+H	\$325.15
March	1.23+H	\$301.49	1.83+H	\$325.15
April	1.15+K	\$299.03	1.73+K	\$321.90
May	1.07+K	\$295.75	1.68+K	\$319.94
June	1.06+N	\$294.11	1.63+N	\$316.59

Sorghum (USD/MT FOB Vessel*)				
#2 YGS FOB Vessel Max 14.0% Moisture	NOLA		TEXAS	
	Basis	Flat Price	Basis	Flat Price
January	N/A	N/A	2.60+H	\$355.29
February	N/A	N/A	2.60+H	\$355.29
March	N/A	N/A	2.60+H	\$355.29

#2 White Corn (U.S. \$/MT FOB Vessel*)				
Max. 15.0% Moisture	January	February	March	
Gulf	N/A	N/A	N/A	

Corn Gluten Feed Pellets (CGFP) (FOB Vessel U.S. \$/MT*)			
	December	January	February
New Orleans	\$290	\$290	\$290
<i>Quantity 5,000 MT</i>			

Corn Gluten Meal (CGM) (FOB Vessel U.S. \$/MT*)			
Bulk 60% Pro.	December	January	February
New Orleans	\$810	\$810	\$810
<i>*5-10,000 MT Minimum</i>			

**Prices are based on offer indications only. Quoted prices are believed to reflect current market conditions but may vary from actual offers. Terms of delivery, payment, and quality may vary from one supplier to another, impacting the actual value of the price.*

DDGS Price Table: December 8, 2022 (USD/MT)
 (Quantity, availability, payment, and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	December	January	February
Barge CIF New Orleans	333	328	326
FOB Vessel GULF	340	335	333
Rail delivered PNW	362	368	372
Rail delivered California	367	373	376
Mid-Bridge Laredo, TX	357	365	368
FOB Lethbridge, Alberta	340	342	344
40 ft. Containers to South Korea (Busan)	360	370	370
40 ft. Containers to Taiwan (Kaohsiung)	415	425	425
40 ft. Containers to Philippines (Manila)	415	425	425
40 ft. Containers to Indonesia (Jakarta)	401	406	409
40 ft. Containers to Malaysia (Port Kelang)	404	409	413
40 ft. Containers to Vietnam (HCMC)	418	418	425
40 ft. Containers to Japan (Yokohama)	410	420	420
40 ft. containers to Thailand (LCMB)	N/A	N/A	N/A
40 ft. Containers to China (Shanghai)	N/A	N/A	N/A
40 ft. Containers to Bangladesh (Chittagong)	475	485	485
40 ft. Containers to Myanmar (Yangon)	418	418	425
KC Rail Yard (delivered ramp)	309	313	313
Elwood, IL Rail Yard (delivered ramp)	304	308	308

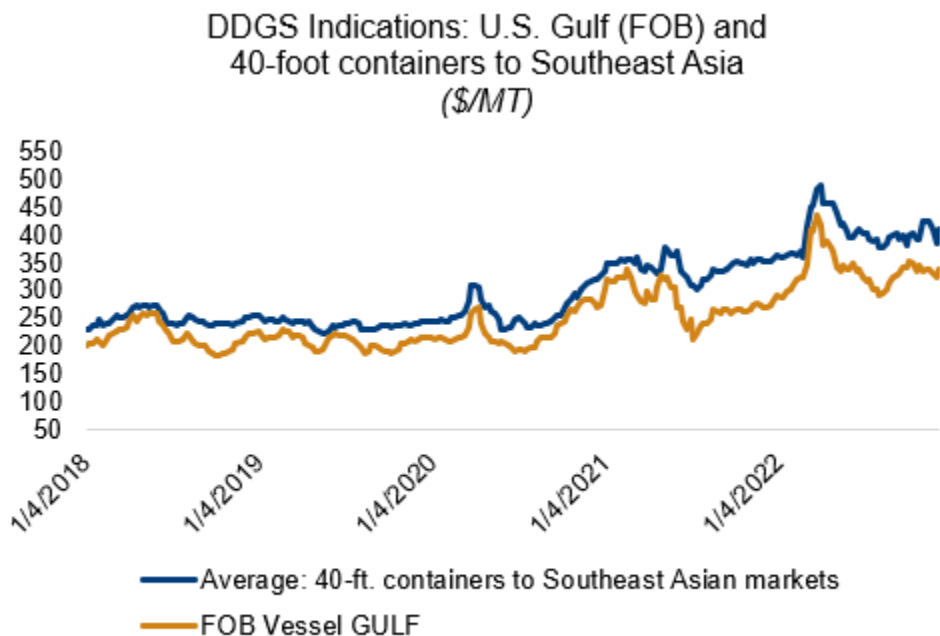
*Source: World Perspectives, Inc. *Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.*

Distiller's Dried Grains with Solubles (DDGS)

DDGS Comments: DDGS values are another \$5/MT higher this week as a strong rally in soymeal is supporting broader feedstuff values. Ethanol output rose 5.8 percent last week to the highest level in the past 51 weeks. Despite the increased DDGS supply, domestic and export demand remains strong, which is supporting values.

The DDGS/Kansas City soymeal ratio is at 0.49 this week, down from last week and just below the three-year average of 0.50. The DDGS/cash corn ratio edged higher this week to 1.03 percent, still below the three-year average of 1.06.

On the export market, Barge CIF NOLA prices reversed last week's weakness and are trading \$17-19/MT higher with December offers at \$333/MT. Offers for FOB NOLA DDGS are similarly higher this week at \$340 for spot shipment while Q1 2023 positions are up \$7-10/MT. Offers for 40-foot containers to Southeast Asia are up \$18-21/MT this week with spot values averaging \$409/MT.



Source: *World Perspectives, Inc.*

Country News

Brazil: CONAB lowered its estimate for the first corn crop by 3.2 percent to 27.23 MMT while keeping its second crop corn estimate unchanged. This results in a 0.45 percent reduction in overall 2022/23 production at 125.83 MMT. The ship lineup for corn sales to China in December now number nine (606,540 MT) according to the Williams Shipping Agency), up from two in November. (Refinitiv)

Canada: The Stats Canada production estimates report for December indicated corn planted area increased by 3.8 percent and yields edged 0.2 bushels/higher for a record-high production of 14.5 MMT in 2022.

EU: France's sowing of winter barley is now complete. (AgriCensus)

South Korea: KFA booked 65 KMT of corn for December-January shipment. NOFI tendered for 207 KMT of corn for March-April delivery and made a final buy of 200 KMT. The Major Feedmill Group (MFG) made a private purchase of 65 KMT of corn. FLC purchased 130 KMT of corn. (Reuters; AgriCensus)

Ukraine: The corn harvest is 60 percent complete as winter close in. (AgriCensus)

Vietnam: Local buyers deferred on new shipments based on higher prices and their own heavy stocks. (AgriCensus)

Ocean Freight Markets and Spreads

Bulk Freight Indices for HSS — Heavy Grain, Sorghum and Soybeans*			
December 8, 2022			
Route and Vessel Size	Current Week (USD/MT)	Change from Previous Report	Remarks
55,000 U.S. Gulf-Japan	\$57.25	Up \$0.25	Handymax \$57.50 MT
55,000 U.S. PNW- Japan	\$32.00	Down \$0.25	Handymax at \$32.00 MT
66,000 U.S. Gulf – China	\$56.50	Up \$0.50	North or South China
PNW to China	\$31.75	Down \$0.25	
25,000 U.S. Gulf - Veracruz, México	\$23.50	Unchanged	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf - Veracruz, México	\$19.75	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf - Colombia	\$32.00	Unchanged	West Coast Colombia at \$36.50
<u>50,000 MT U.S. Gulf to East Coast Colombia</u>	\$29.75		
From Argentina	\$39.00		
43-45,000 U.S. Gulf - Guatemala	\$39.00	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 US Gulf - Morocco	\$49.50	Down \$0.50	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$47.50	Down \$0.50	55,000-60,000 MT Egypt Romania - Russia- Ukraine \$18.50 -\$27.00 - \$37.00 - France \$29.00, Bulgaria \$19.00
PNW to Egypt	\$48.00		
60-70,000 U.S. Gulf – Europe, Rotterdam	\$29.00	Up \$0.50	Handymax at +\$2.50 more
Brazil, Santos – China	\$46.25	Up \$0.50	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 MT
Brazil, Santos – China	\$44.00		
Northern Coast Brazil - China	\$49.75		
56-60,000 Argentina/Rosario-China, Deep Draft	\$49.00	Up \$0.50	Up-River with Top Off Plus \$3.85-4.75

Source: O'Neil Commodity Consulting

*Numbers for this table based on previous night's closing values.

Ocean Freight Comments

Transportation and Export Report: Jay O'Neil, O'Neil Commodity Consulting: For some months now, dry-bulk markets have been an up and down affair with the overall direction moving lower. For most freight traders, these have been dull markets and the outlook for the next few weeks is not promising much change. As has been mentioned many times before, much depends on China. Vessel owners are pinning hopes on a relaxation of Chinese covid-19 restrictions and a reopening of their economy.

If China makes such policy moves, it will be the big story of 2023. The market must first, however, get past the Lunar New Year celebrations that arrive on 22 January. The decrease in dry-bulk freight rates and the high cost of fuel is causing some owners to shy away from blasting to South American unless they have firm cargo business. This should provide better vessel availability in the U.S. PNW and Gulf.

The low water situation on the Mississippi River improved this week and barges are now loading to 9.0-9.6-foot drafts. Mother Nature will determine how much more rain comes to improve this situation.

The ILWU union container port contract negotiations are continuing without resolution and talks are expected to go into early 2023. The rail strike threat has been resolved but the slow service situation has not.

Baltic-Panamax Dry-Bulk Indices				
December 8, 2022	This Week	Last Week	Difference	Percent Change
Route				
P2A: Gulf/Atlantic – Japan	23,682	23,232	450	1.9
P3A: PNW/Pacific– Japan	11,588	11,348	240	2.1
S1C: U.S. Gulf-China-S. Japan	25,299	23,671	1,628	6.9

Source: O'Neil Commodity Consulting

Capesize Vessel Freight Values	
Western Australia to South China (iron ore)	
Four weeks ago:	\$8.50-9.40
Three weeks ago:	\$8.30-8.50
Two weeks ago:	\$8.30-8.50
One week ago:	\$8.50-9.10
This week	\$8.75-9.00

Source: O'Neil Commodity Consulting

U.S.-Asia Market Spreads					
December 8, 2022	PNW	Gulf	Bushel Spread	MT Spread	Advantage
#2 Corn	1.90	1.38	0.52	\$20.47	PNW
Soybeans	2.30	1.60	0.70	\$25.72	GULF
Ocean Freight	\$31.75	\$56.50	0.63-0.67	\$24.75	January

Source: O'Neil Commodity Consulting

Bulk Grain Freight Rates to Europe from Select Origins



Source: World Perspectives, Inc.

Bulk Grain Freight Rates for Key Suppliers and Destinations
December 8, 2022

Origin	Destination	This Week	Monthly Change	Monthly % Change	Yearly Change	Yearly % Change	2-Year History
<i>Panamax/Supramax Vessels</i>							
U.S. Gulf		57.25	-0.25	-0.4%	-15.25	-21.0%	
U.S. PNW	Japan	32.00	-2.00	-5.9%	-7.00	-17.9%	
Argentina		50.50	-4.00	-7.3%	-8.00	-13.7%	
Brazil		45.50	-1.00	-2.2%	-7.00	-13.3%	
U.S. Gulf		56.50	0.00	0.0%	-15.00	-21.0%	
U.S. PNW	China	31.75	-1.50	-4.5%	-6.50	-17.0%	
Argentina		49.00	-2.00	-3.9%	-11.25	-18.7%	
Brazil		49.75	-1.75	-3.4%	-12.75	-20.4%	
U.S. Gulf		29.20	-0.80	-2.7%	0.20	0.7%	
Argentina	Europe	51.50	4.00	8.4%	10.00	24.1%	
Brazil		53.50	2.00	3.9%	9.00	20.2%	
Argentina	Saudi Arabia	61.50	2.00	3.4%	8.00	15.0%	
Brazil		70.50	3.00	4.4%	7.00	11.0%	
U.S. Gulf		47.50	-7.00	-12.8%	-12.00	-20.2%	
U.S. PNW	Egypt	49.20	-8.00	-14.0%	-0.80	-1.6%	
Argentina		62.50	2.00	3.3%	12.00	23.8%	
Brazil		66.50	1.00	1.5%	6.00	9.9%	
<i>Handysize Vessels</i>							
U.S. Gulf		49.50	-6.00	-10.8%	-9.50	-16.1%	
U.S. Great Lakes	Morocco	81.80	0.00	0.0%	35.30	75.9%	
Argentina		55.50	2.00	3.7%	14.00	33.7%	
Brazil		58.50	2.00	3.5%	11.00	23.2%	
U.S. Great Lakes	Europe	81.00	0.00	0.0%	32.30	66.3%	
Brazil		60.80	1.70	2.9%	7.20	13.4%	
Argentina	Algeria	56.50	2.00	3.7%	12.00	27.0%	
Brazil		59.50	2.00	3.5%	11.00	22.7%	
U.S. Gulf		32.00	-1.00	-3.0%	-5.50	-14.7%	
U.S. PNW	Colombia	50.00	0.00	0.0%	7.70	18.2%	
Argentina		39.00	-1.00	-2.5%	-13.00	-25.0%	
<i>Shipping Indexes</i>							
Baltic Dry Index		1323	-14	-1.0%	-1912	-59.1%	

Source: World Perspectives, Inc.

Note: Quoted rates are believed to reflect current market conditions but may vary from actual offers.

Rates may differ based on delivery terms, demurrage, and other factors.

Indications for some routes were corrected on 20 and 27 Oct. 2022.